

Message Text

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ACTION COME-00

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P R 111415Z FEB 77
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TO SECSTATE WASHDC PRIORITY 2208
INFO AMEMBASSY BONN

UNCLAS SECTION 1 OF 2 BREMEN 0096

E. O. 11652: N/A
TAGS: EFIS, GW
SUBJECT: PRICES FOR FISH SPECIES TAKEN BY NON-U.S. FISHERMEN
IN THE U.S. 200-MILE ZONE

REF: (A) STATE 001704; (B) BREMEN 0042

SUMMARY:

GERMAN GOVERNMENT OFFICIALS HAVE EXPRESSED SERIOUS CONCERN
OVER THE HIGH U.S. BASE FOR DETERMINING FISHING FEES FOR
ATLANTIC HERRING TAKEN BY FOREIGN FISHERMEN FROM THE U.S. 200-MILE
ZONE. THEY CALCULATE THAT THE AVERAGE VALUE OF ATLANTIC HERRING
CAUGHT BY GERMAN FISHERMEN IN U.S. WATERS IS ONLY ABOUT ONE FOURTH
OF THE BASE ESTABLISHED BY U.S. FISHERY AUTHORITIES. IN VIEW OF
THE PRECARIOUS FINANCIAL SITUATION OF THE GERMAN TRAWLER FISHING
INDUSTRY, GOVERNMENT OFFICIALS ASSERT THAT ANY ADDITIONAL
SIGNIFICANT COSTS WOULD SERIOUSLY JEOPARDIZE THE VIABILITY OF THE
TRAWLER INDUSTRY. END SUMMARY

1. THE GERMAN FEDERAL FOOD MINISTRY HAS SUPPLIED THE FOLLOWING
DATA ON FISH TAKEN BY GERMAN FISHERMEN FROM THE U.S. 200-MILE
ZONE; THESE STATISTICS REFER TO METRIC TONS AND ROUND WEIGHT:

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ATLANTIC HERRING SILVER HAKE RED HAKE

1975	23,014	20	0
1976	8,804	72	0

2. THE ABOVE DATA ARE FOR ICNAF AREA 5 Z. ACCORDING TO GERMAN

GOVERNMENT OFFICIALS, THE EQUIDISTANT LINE DIVIDING THE U.S. AND CANADIAN 200-MILE ZONES MAY TRANSVERSE THE NORTHEASTERN PART OF THE 5 Z AREA. THEREFORE, PART OF THE ABOVE CATCHES MAY STEM FROM CANADIAN WATERS. SINCE GERMAN AUTHORITIES HAVE STATISTICS ONLY ON FISH CATCHES FOR THE ENTIRE 5 Z AREA, AN EXACT DETERMINATION OF THE AMOUNT OF FISH TAKEN FROM THE U.S. 200-MILE ZONE IS IMPOSSIBLE.

3. OFFICIALS OF THE FEDERAL FOOD MINISTRY ASSERT THAT THE GERMAN EX-VESSEL VALUE OF SURPLUS ATLANTIC HERRING IS SUBSTANTIALLY LOWER THAN THE ESTIMATED \$352 PER METRIC TON (FOREIGN PRICE) WHICH WAS PUBLISHED IN THE U.S. FEDERAL REGISTER, VOL. 41, NO 252 OF DECEMBER 30, 1976.

4. IN THE ABSENCE OF EXACT PRICE DATA FOR U.S. ATLANTIC HERRING, FOOD MINISTRY OFFICIALS HAVE FURNISHED THE FOLLOWING DATA ON TOTAL FROZEN HERRING SALES BY THE GERMAN TRAWLER OPERATORS' JOINT SALES ORGANIZATION. IN 1976 THE JOINT SALES ORGANIZATION SOLD 19,758 METRIC TONS, WITH A TOTAL VALUE OF DM 32.763 MILLION, AND AN AVERAGE PRICE OF DM 1.66 PER KILO. U.S. ATLANTIC HERRING ACCOUNTED FOR ROUGHLY 20 PERCENT OF THE TOTAL SALES.

5. ACCORDING TO FOOD MINISTRY OFFICIALS, THE AVERAGE PRICE OF DM 1.66/KG INCLUDES THE FOLLOWING EXTRA COSTS WHICH ARE NORMALLY NOT PART OF AN EX-VESSEL PRICE FOR FRESH (ICED) HERRING (THESE COSTS ARE APPROXIMATIONS FOR SHIP AND SHORE INSTALLATIONS OF MEDIUM EFFICIENCY AND ARE IN LINE WITH DATA FURNISHED BY THE GERMAN GOVERNMENT TO THE EC COMMISSION FOR THE IMPLEMENTATION OF THE EC COMMON FISHERY POLICY):

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- (A) PROCESSING AND FILLETING DM 0.40/KILOGRAM
- (B) FREEZING DM 0.60/KILOGRAM
- (C) PACKAGING DM 0.08/KILOGRAM
- (D) TRANSPORTATION (BASED ON COMMERCIAL OCEAN FREIGHT RATES) DM 0.025/KILOGRAM
- (E) LANDING COSTS DM 0.025/KILOGRAM
- (F) STORAGE COSTS:
 - (1) STORAGE CHARGES DM 0.07/KILOGRAM
 - (2) HANDLING CHARGES DM 0.03/KILOGRAM
 - (3) FINANCING DM 0.02/KILOGRAM
 - (4) INSURANCE DM 0.01/KILOGRAM

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6. THE TOTAL EXTRA COSTS ARE DM 1.26 PER KILO. FOOD MINISTRY
OFFICIALS CONTEND THAT THESE EXTRA COSTS SHOULD BE DEDUCTED
FROM THE AVERAGE PRICE OF DM 1.66 PER KILO OF PROCESSED FROZEN
HERRING. SINCE THE YIELD OF FROZEN HERRING FILLETS FROM ROUND
HERRING IS ABOUT 50 PERCENT, THE REMAINING VALUE OF DM 0.40 PER KILO
SHOULD BE HALVED TO ARRIVE AT THE AVERAGE GERMAN EX-VESSEL PRICE
OF UNPROCESSED ROUND HERRING. AT AN AVERAGE 1976 EXCHANGE RATE OF
\$1.00 - DM 2.53, DM 0.20/KILO EQUALS \$79.05 PER METRIC TON.

7. IN SUBSTANTIATION OF THE ABOVE CALCULATIONS, FOOD MINISTRY
OFFICIALS POINTED OUT THAT IN JUNE 1976 CANADIAN FISH PROCESSORS
PAID AN EX-VESSEL PRICE OF ABOUT \$60 PER METRIC TON FOR ROUND
HERRING TO CANADIAN FISHERMEN. GERMAN TRAWLER OPERATORS OFFERED
CANADIAN FISHERMEN \$80 PER METRIC TON FOR ROUND HERRING IN JULY
1976, BUT WERE OUTBID BY POLAND WHICH REPORTEDLY PAID \$90 PER
METRIC TON.

8. THE AVERAGE PRICE OF FRESH (ICED) HERRING LANDED BY GERMAN
AND FOREIGN TRAWLERS IN GERMAN PORTS IN 1976 AND SOLD IN PUBLIC
AUCTIONS (661,605 KILOGRAMS VALUED AT DM 467,951) AMOUNTED TO
DM 0.71 PER KILO. AT A 50 PERCENT FILLET YIELD, THE COST OF
THIS RAW MATERIAL TO GERMAN PROCESSORS WOULD BE DM 1.42 PER
KILO. WHEN ADDING ABOUT DM 0.40 PER KILO FOR PROCESSING, THE
TOTAL COST OF DM 1.82 IS REASONABLY CLOSE TO THE DM 1.66 PER
KILO RECEIVED BY GERMAN TRAWLER OPERATORS FOR FROZEN HERRING
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FILLETS, BEARING IN MIND THAT (A) AS A RULE FISH PROCESSING
FACILITIES ON SHORE OPERATE MORE EFFICIENTLY THAN THOSE ABOARD
SHIPS, IF IT WERE ONLY FOR THE IDLING OF SHIP INSTALLATIONS
DURING TRAVEL TIME, AND (B) FRESH (ICED) HERRING IS NORMALLY
PRICED SOMEWHAT HIGHER BECAUSE OF ITS HIGHER QUALITY.

9. THE GERMAN FOOD MINISTRY IS ESPECIALLY CONCERNED OVER FISHING FEES, SINCE, ACCORDING TO AN INDEPENDENT SURVEY MADE BY PUBLIC ACCOUNTANTS FOR THE GERMAN GOVERNMENT, IN 1975 THE GERMAN TRAWLER FISHERY INCURRED LOSSES TOTALING DM 69.4 MILLION, OF WHICH DM 63.8 MILLION WERE INCURRED BY FREEZER TRAWLERS. WHILE NO FIGURES ARE YET AVAILABLE FOR 1976, THE MINISTRY REPORTS THAT THE GERMAN TRAWLER TRADE AGAIN OPERATED IN THE RED IN THE PAST YEAR, SINCE THE AVERAGE PROCEEDS OF FROZEN HERRING IN 1976 WAS 3 PERCENT BELOW THAT OF THE PRECEDING YEAR AND OPERATING COSTS INCREASED BY 10 TO 15 PERCENT. THE FOOD MINISTRY ASSERTS THAT ANY ADDITIONAL SIGNIFICANT COSTS WOULD SERIOUSLY JEOPARDIZE THE GERMAN TRAWLER FISHERY BECAUSE COMPETITION FROM OTHER PROTEIN FOODS PLACES A DEFINITE CEILING ON CONSUMER PRICES FOR FISH.

10. THE FOOD MINISTRY FURNISHED NO PRICE DATA FOR THE VERY SMALL INCIDENTAL CATCH OF SILVER HAKE. SCHIFFMAN

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Message Attributes

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